

SUMMARY ANALYSIS OF AMENDED BILL

Author: Berg Analyst: Deborah Barrett Bill Number: AB 2487
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: June 17, 2008
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Victim Compensation and Government Claims Board Refer Domestic Violence Orders to FTB for Collection

- ____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended ____.
- ____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended ____.
- ____ FURTHER AMENDMENTS NECESSARY.
- ____ DEPARTMENT POSITION CHANGED TO ____.
- ____ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED
X June 9, 2008, STILL APPLIES.
- ____ OTHER – See comments below.

SUMMARY

This bill would authorize the Victim Compensation and Government Claims Board (VCGCB) to refer civil judgments awarded to victims of the torts of either domestic violence or gender violence to Franchise Tax Board (FTB) for collection.

SUMMARY OF AMENDMENTS

The June 17, 2008, amendments would do the following:

- Restrict referrals for debt collection under this bill's provisions to those civil judgments for which FTB is already collecting related restitution orders, and
- Add a requirement for FTB to report to the Legislature on certain aspects of the program established under this bill's provisions.

The June 17, 2008 amendments did not resolve the "Implementation Consideration" Identified in the department's analysis of the bill as amended June 9, 2008, which along with the "Summary of Suggested Amendments" and the "Fiscal Impact" discussions are repeated here for convenience. The "This Bill" discussion is revised. The remainder of the department's analysis of the bill as amended June 9, 2008, still applies.

Board Position:

____ X S ____ NA ____ NP
 ____ SA ____ O ____ NAR
 ____ N ____ OUA ____ PENDING

Legislative Director

Date

Brian Putler

6/24/08

POSITION

In its June 5, 2008, meeting, the three-member Franchise Tax Board voted 2-0, with the member from the Department of Finance abstaining, to support the provisions of the bill as amended May 23, 2008.

Summary of Suggested Amendments

Amendment 1 is provided to suggest appropriation language to fund the department's costs.

THIS BILL

This bill would, beginning on January 1, 2010, allow a plaintiff to refer to VCGCB final judgments awarded for the torts of either domestic violence or gender violence for collection by FTB under the existing court ordered debt collection statutes under the following conditions:

- There is a criminal conviction and court ordered restitution for the same offense or violation for which the final judgment was awarded and FTB has initiated debt collection on the restitution order,
- The final judgment is at least 90 days delinquent.

The part of the final judgment that either represents or is owed as attorney fees may not be included in the amounts referred for collection.

The bill would establish the Gender or Domestic Violence Tort Claims Collection Fund (Fund) for the deposit and distribution of final judgment amounts collected under the provisions of the bill. FTB would administer this Fund.

The bill would authorize VCGCB to assess a fee for its costs to administer the provisions of this bill and to add that amount, amounts incurred by FTB for the costs of collection, and amounts incurred for system changes, to the amounts referred for collection.

The bill would require that an amount not to exceed 10% of the amount collected be subtracted from the amounts collected to reimburse the costs incurred by FTB to make system changes to implement the provisions of this bill. Once the Controller determines that the costs incurred are fully reimbursed, this subtraction would cease. In addition, as for court ordered debt collections, FTB would subtract its actual costs for collecting a judgment, but not to exceed 15%. The balance after FTB amounts are subtracted would be deposited into the Fund.

If the same person owes a final judgment for the tort of domestic violence and a debt to a government entity that are both referred to FTB for collection, FTB must stay collection on the final tort judgment until the debt owed the government entity is satisfied in full.

The bill would require FTB to do the following on or before January 1, 2015:

- Report on the number of final civil judgments awarded for gender or domestic violence that have been referred to it for debt collection.
- Evaluate and make a determination whether the authority for this program should be extended beyond January 1, 2016.
- Provide any recommendations to improve the effectiveness of the program.

The provisions added by this bill would be repealed by its own terms on January 1, 2016, and current law would be restored as of that date.

IMPLEMENTATION CONSIDERATION

It is recommended that administration of the Fund provided under this bill be assigned to the referring entity, here the VCGCB. This change would make the bill consistent with existing statutory provisions for other non-tax collections.

FISCAL IMPACT

In October of 2008, FTB is scheduled to launch an expanded Court Ordered Debt collection system. The enhanced system will fully automate court ordered debt collections undertaken by FTB. The new system lacks the ability to implement the provision of this bill that would stay collections of tort judgments until debts owed government entities are satisfied. To implement this requirement, the system would have to be re-programmed to distinguish between debts owed to a government entity and civil tort judgments.

FTB estimates costs of approximately \$1.7 million would be incurred to modify the new system to implement provisions of this bill. Incorporating this new workload into the automated processes is consistent with department efforts to leverage technology for long-term gains in efficiencies and functionality. These costs would be reimbursed from the amounts collected and distributed to the Fund. Suggested language to fund FTB's costs is included in this analysis.

As an alternative, FTB could collect this new workload on a manual basis. The volume of cases expected to be referred for collection under this bill's provisions is unknown, but expected to be small. The start up costs could be absorbable; however, based on existing manual workloads, the collection results would be low because manually collecting accounts would not benefit from the efficiencies of the automated process. Current automated collection efforts yield a collection rate of approximately 5% to 9.5%, depending on the type and age of a particular debt. FTB estimates that collection rates on manual workloads would yield significantly less.

LEGISLATIVE STAFF CONTACT

Legislative Analyst
Deborah Barrett
(916) 845-4301
deboarh.barrett@ftb.ca.gov

Revenue Manager
Rebecca Schlusser
(916) 845-5986
rebecca.schlusser@ftb.ca.gov

Legislative Director
Brian Putler
(916) 845-6333
brian.putler@ftb.ca.gov

Analyst	Deborah Barrett
Telephone #	845-4301
Attorney	Patrick Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 2487
As Amended June 17, 2008

AMENDMENT 1

On page 13, after line 20, insert:

SEC. 10. The sum of one million seven hundred thousand dollars(\$1,700,000) is hereby appropriated to the Franchise Tax Board in augmentation of item 1730-001-0001 of the Governor's Budget, Chapter XX, Statutes of XXXX.